

KHPA PROGRAM INTEGRITY ACTIVITY

Executive Summary

KHPA engages in a number of activities aimed toward program integrity. A summary of major KHPA Program Integrity totals with costs avoided, cost recovered, contractor costs and estimated State costs are summarized here for State Fiscal Years 2007 and 2008.

State Fiscal Year	Est. Costs Avoided	Actual Recoveries*	Est. Contract Costs	Est. State Costs	Est Cost of Recovery/avoidance %	Net avoidance/recovery
2007	173,593,198	95,315,408	24,895,270	1,240,099	9.7	242,773,237
2008	206,327,059	107,117,762	23,641,707	1,240,099	8.0	288,563,015

These activities are described below.

Surveillance and Utilization Review Subsystem (SURS) - Federally mandated to monitor providers and consumer of Medicaid services

SURS performs post-payment provider review, consumer reviews and data analysis to safeguard against unnecessary or inappropriate use of services and against excess payments, assess the quality of services and provide for control of the utilization of all services provided. The SURS unit may impose provider sanctions, such as education, recoupment, pre-pay review, withholding of payments, termination of provider agreement, and federal exclusion and refers potentially fraudulent cases to the Medicaid Fraud Unit of the Attorney General.

State Fiscal Year	# Provider Reviews	# Consumer Reviews	# MFCU Referrals (KHPA & EDS)	# Lock-In Clients	Identified Overpayments	Actual Recoveries*	Estimated Costs Avoided	Est. Contract Costs	Est. state costs**	Cost of Recovery/avoidance %
2007	91	188	33	362	3,200,405	2,226,101	229,357	2,667,613	70,000	111.0
2008	66	191	15	362	2,233,319	3,343,842	1,430,824	2,757,606	70,000	59.0

Note: for FY07 recovery data are available for only 3 quarters of the year.

Hospital Utilization Reviews —KHPA contracts with Kansas Foundation for Medical Care (KFMC)

KFMC reviews inpatient hospital claims for overpayments and medical necessity.

State Fiscal Year	# Claims Reviewed	\$ Identified for Overpayment	Actual Recoveries*	Est. Contract Costs	Cost of Recovery %
2007	26,383	8,510,651	8,510,651	1,408,882	16.5
2008	15,281	12,749,381	12,749,381	911,256	7.1

Prior Authorization

The primary purpose of prior authorization (PA) is to facilitate cost containment by ensuring medical services provided to beneficiaries in the Kansas Medical Assistance Program (KMAP) are medically necessary and cost effective.

State fiscal year	PA's Reviewed	Est. Costs Avoided	Est. Contract costs	Est. State costs **	Est Cost of Avoidance %
2007	82,267	6,352,904	2,004,495	16,539	31.8
2008	91,326	6,566,498	2,092,825	16,539	32.1

Quality Assurance Group

The primary purpose of the Quality Assurance Group(QAG) is to monitor beneficiary and provider grievances. This is accomplished through utilization reviews for established patterns; creation of corrective action plans (CAPs); evaluating special studies, and interaction with the Peer Education and Resource Council (PERC). If the QAG identifies issues which appear suspicious and warrant additional examination, they are referred to other units. The recoveries that occur from these referrals are reported by the other units.

FY	Est. Contract Costs
2007	1,769,378
2008	1,839,911

Third Party Liability

The Third Party Liability (TPL) programs enhance Medicaid's position as payer of last resort. When medical assistance has been paid and a third party becomes legally liable for the payment of those same medical expenses, the Medicaid program may recover the amount of medical expenses it paid to the provider.

State Fiscal Year	Medicare A B Actual Recoveries*	Champus Actual Recoveries*	Commercial Ins Actual Recoveries*	Post Pay Actual Recoveries*	Est. TPL Avoidance	Est. Contract Costs	Est. State Costs**	Est. Cost %
2007	1,172,054	506,166	10,466,300	9,027,199	134,977,860	1,735,239	70,000	1.0
2008	1,551,294	105,353	9,170,843	10,444,995	164,130,325	1,775,667	70,000	1.0

Estate Recovery

This is a federally mandated collections program aimed at the resources of Medicaid recipients who have been an inpatient in a nursing facility or have received Medicaid benefits from age 55 onwards. There are statutory protections from collections for surviving spouses, surviving minor children or surviving children who are disabled. In FY 2008, the program used a private contractor for some of the collections.

State Fiscal Year	Actual Recoveries*	Est. Contract Costs	Est. State Costs **	Cost of Recovery %
2007	8,449,111		137,364	1.6
2008	7,207,618	170,247	137,364	1.9

Subrogation

This is a federally mandated collections program aimed at recovering costs from 3rd party tortfeasors, their insurers and other parties deemed liable for medical care to Medicaid recipients. As part of the application for Medicaid, recipients assigned their rights in these matters to the state.

State Fiscal Year	Actual Recoveries*	Est. State Costs**	Cost of Recovery %
2007	1,325,087	131,596	9.9
2008	2,422,477	131,596	5.4

Drug Rebates and Supplemental Drug Rebates

Drug Rebate agreements are contracted by the Center for Medicare and Medicaid Service (CMS) with manufacturers requiring the manufacturers to repay part of the drug expense back to CMS and the State. The State also contracts with the manufacturers to receive an additional supplemental drug rebates.

	Actual Recoveries*	Est. Contractor Cost	Est. State Cost**	Cost of Recovery %
2007	53,632,739	884,796	253,000	2.1
2008	60,121,959	909,755	253,000	1.9

Provider Enrollment

The enrollment processes ensures that providers are qualified to render specific services by screening applicants for State licensure and/or certification upon initial enrollment and on a continuing basis, federal participation requirements, and specialty board certification.

State Fiscal Year	New Providers	Est. Contract Costs	Est. State Costs**
2007	1,726	247,985	61,600
2008	3,077	257,945	61,600

Other Related Activities

KHPA operates a certified Medicaid Management Information System (MMIS) – The claim processing sub-system has extensive built-in edits and audits to insure appropriate claim payments.

State Fiscal Year	Claims Processed	Est. MMIS Edits & Audits Costs Avoided	Est. contract costs (processing)	Estimated State costs**	Cost of avoidance %
2007	19,850,016	32,033,077	14,176,882	500,000	60.0
2008	18,076,487	34,199,412	12,926,495	500,000	52.0

* Recoveries are all funds. The State must return the Federal Financing Participation (60%) to CMS.

** These estimated costs do not include all related costs.

Notes: The estimated cost avoidances are based on the estimated Medicaid allowed amount.